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SECURITIES AND EXCHANGE COMMISSION

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

RECEIVED

FEB 15 2011

DIVISION OF MARKET REGULATION

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
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SEC FILE NUMBER
8- 65603

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: TAHOE FIXED INCOME, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

6900 S. McCARRON BLVD., SUITE 2060

(No. and Street)

RENO

(City)

NV

(State)

89509

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
MARK ELMORE 775-852-3994

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

GOODRICH, BARON, GOODYEAR, LLP

(Name - if individual, state last, first, middle name)

6700 E. PACIFIC COAST HWY., SUITE 255, LONG BEACH, CA 90803

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.



11015610

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

I, MARK ELMORE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TAHOE FIXED INCOME, LLC, as of DECEMBER 31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

  
Signature MARK ELMORE

PRESIDENT  
Title

SEE ATTACHED.

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Financial Condition~~ **Cash Flows**
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) **Independent Auditors' Report on Internal Accounting Control**

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

☒ See Attached Document (Notary to cross out lines 1-6 below)

☐ See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

\_\_\_\_\_  
Signature of Document Signer No 1

\_\_\_\_\_  
Signature of Document Signer No 2 (if any)

State of California

County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me on this

10TH day of FEBRUARY, 2011, by  
Date Month Year

(1) GREGORY A. GOODYEAR,  
Name of Signer

proved to me on the basis of satisfactory evidence  
to be the person who appeared before me (.) *(✓)*

(and

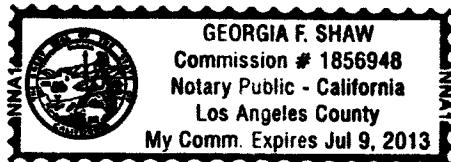
(2) \_\_\_\_\_,  
Name of Signer

proved to me on the basis of satisfactory evidence  
to be the person who appeared before me.)

Signature

*Georgia F. Shaw*  
Signature of Notary Public  
GEORGIA F. SHAW

Place Notary Seal Above



## OPTIONAL

*Though the information below is not required by law, it may prove  
valuable to persons relying on the document and could prevent  
fraudulent removal and reattachment of this form to another document.*

### Further Description of Any Attached Document

ANNUAL AUDITED REPORT

Title or Type of Document: FORM X-17A-5, PART III

Document Date: FEBRUARY 1, 2011 Number of Pages: 14

Signer(s) Other Than Named Above: MARK ELMORE

RIGHT THUMBPRINT  
OF SIGNER #1  
Top of thumb here

RIGHT THUMBPRINT  
OF SIGNER #2  
Top of thumb here

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# GOODRICH·BARON·GOODYEAR LLP

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Tahoe Fixed Income, LLC  
Reno, Nevada

We have audited the accompanying statement of financial condition of Tahoe Fixed Income, LLC as of December 31, 2010, and the related statements of income, members' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahoe Fixed Income, LLC as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 10 - 12 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Goodrich Baron Goodyear, LLP". The signature is written in a cursive, flowing style.

Long Beach, California  
February 1, 2011

**TAHOE FIXED INCOME, LLC**  
**STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2010

ASSETS

Cash in bank	\$ 320,666
Receivable from clearing organization	16,537,288
Other receivables	765,105
Securities owned, at market value	30,322,043
Prepaid expense and other assets	5,744
Property & equipment, net of accumulated depreciation	<u>59,189</u>
Total assets	<u>\$ 48,010,035</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:	
Accounts payable	\$ 79,819
Payable to Clearing organization	30,166,081
Total liabilities	30,245,900
Members' equity	<u>17,764,135</u>
Total liabilities and stockholder's equity	<u>\$ 48,010,035</u>

The accompanying notes are an integral part of these financial statements.

**TAHOE FIXED INCOME, LLC**  
**STATEMENT OF INCOME**

YEAR ENDED DECEMBER 31, 2010

**Revenues:**

Net gains on sale of securities	\$ 11,122,729
Interest income	3,098,796
Unrealized gain on securities held	<u>(362,515)</u>
Total revenues	13,859,010

**Expenses**

Salaries, benefits and payroll taxes	\$ 2,733,479
Consulting fees	28,899
Ticket charges	482,538
Insurance	66,985
Interest	1,199,043
Data subscriptions	411,414
ATS/ECN Charges	934,433
Professional fees	11,775
Communications	13,714
Licenses, registration, taxes & other fees	124,848
Retirement plan expenses	47,915
Rent	47,894
Depreciation	11,271
Office expense	115,548
Other	<u>40,569</u>
Total expenses	<u>6,270,325</u>
Net income	<u>\$ 7,588,685</u>

The accompanying notes are an integral part of these financial statements.

**TAHOE FIXED INCOME, LLC**  
**STATEMENT OF MEMBERS' EQUITY**  
**YEAR ENDED DECEMBER 31, 2010**

Balance at December 31, 2009	\$ 21,908,800
Capital additions	2,266,650
Capital withdraws	(14,000,000)
Net income	<u>7,588,685</u>
Balance at December 31, 2010	<u>\$ 17,764,135</u>

The accompanying notes are an integral part of these financial statements.



**TAHOE FIXED INCOME, LLC**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:		
Net income		\$ 7,588,685
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation	\$ 11,271	
Changes in operating assets and liabilities:		
Decrease in receivable from Clearing organization	3,881,856	
Decrease in other receivable	301,919	
Decrease in securities owned, net	15,549,541	
Decrease in prepaid expenses and other expenses	26,224	
Decrease in payable to Clearing organization	(15,560,256)	
Decrease in accounts payable	(17,373)	
Decrease in pension plan contribution payable	<u>(96,000)</u>	
Total adjustments		<u>4,097,182</u>
Net cash flows provided by operating activities		11,685,867
Cash flows from investing activities:		
Additions to property and equipment	<u>(23,734)</u>	
Net cash flows used for investing activities		(23,734)
Cash flows from financing activities:		
Contributions from members	2,266,650	
Contributions withdrawn by members	<u>(14,000,000)</u>	
Net cash flows used for financing activities		<u>(11,733,350)</u>
Net decrease in cash		(71,217)
Cash, beginning of year		<u>391,883</u>
Cash, end of year		\$ <u>320,666</u>

SUPPLEMENTAL CASH INFORMATION

Cash paid for interest	\$ <u>1,199,043</u>
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The accompanying notes are an integral part of these financial statements.

**TAHOE FIXED INCOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2010

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

The Company is a registered broker-dealer formed under the laws of the State of Nevada maintaining its principal office in Reno, Nevada, with a branch office in Carlsbad, California. The Company is subject to a minimum net capital requirement of \$100,000 pursuant to SEC Rule 15c3-1. The Company operates pursuant to the (k)(2)(ii) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities. Therefore, the Company is exempt from the computation for the determination of reserve requirements pursuant to Rule 15c3-3. The Company's activities are primarily comprised of purchasing and selling government, municipal and agency securities, corporate obligations, and bank Certificate of Deposit, and holding these types of securities for the Company's own account.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash**

Cash consists of cash in banks. The Company occasionally has deposits in excess of federally insured limits of \$250,000 by the Federal Deposit Insurance Corporation. The recorded value of cash (and any other financial instruments) approximates fair value at December 31, 2010.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Clearing Organizations**

The Company has an agreement with other securities brokers and dealers (primarily one organization) to act as clearing organizations for the Company. The clearing organizations clear all security transactions and maintain customer accounts.

The Company is required to maintain certain deposit levels with clearing organizations. The amount of the deposit depends on the agreement with the clearing organization and the exchange market requirements. As of December 31, 2010, the Company had deposit levels with clearing organizations exceeding requirements.

**Marketable Securities/Fair Value**

As required by the Fair Value Measurements and Disclosures Topic of Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC), the Company is required to use a three-tiered fair value hierarchy in determining fair value for its marketable securities. Company defines fair value, thereby eliminating inconsistencies in guidance found in various prior accounting pronouncements, and increases disclosures surrounding fair value calculations. It also establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

**TAHOE FIXED INCOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

December 31, 2010

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Marketable Securities/Fair Value, continued**

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company at the measurement date.

Level 2 - Valuations based on inputs that are observable in the marketplace other than those inputs classified as Level 1.

Level 3 - Valuations based on inputs that are unobservable in the marketplace and significant to the valuation.

Company also requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to their fair value calculation.

**Revenue Recognition**

Revenue associated with the Company's securities' transactions is recognized on a trade date basis. Securities owned and contracts to purchase securities in the future are recorded at market value and, accordingly, any changes in market value are recognized in the statement of income. Market value is determined based on active exchanges (established exchanges and "over-the-counter" exchanges) in the United States.

**Income Taxes**

The Company is taxed as an "S" corporation; therefore, the Company is not taxed at the entity level. Instead, its items of income, loss, deduction, and credit are passed through to its member owners in computing their individual tax liabilities.

**(2) SECURITIES OWNED**

Securities owned consists of trading securities, recorded at market value, and include accrued interest of \$518,477. These securities had a cost of \$30,166,081 and are comprised of corporate obligations, bank Certificate of Deposit, and Federal obligations.

Market value is established using level 1 valuations in the hierarchy established by current standards as the securities are on national exchanges and the fair value is determined based on published market prices.

The securities are purchased on margin with the clearing organization and the liability related to such purchases is included under the caption "Payable to Clearing organization" on the Statement of Financial Condition.

**TAHOE FIXED INCOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

DECEMBER 31, 2010

**(3) TRADING ACTIVITIES AND RELATED RISKS**

The Company actively trades government, municipal, corporate and agency securities, and bank certificates of deposit. Positions in these securities are subject to varying degrees of market and credit risk.

Market prices are subject to fluctuation and, as such, the Company is exposed to market risk. The fair value of the Company's investments will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest-rate sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. Market risk is directly impacted by the volatility and liquidity in the markets in which financial instruments are traded. The Company monitors its exposure to market risk, or its market risk profile, on a daily basis through a variety of financial, security position, and control procedures.

Credit risk is the possibility of debt securities being downgraded by the rating agencies or going into default due to non-performance by issuers. The Company minimizes inventory credit risk by trading either governmental agency securities, corporates or securities that are AAA rated by two or more debt security rating services or Certificates of Deposit that are insured by the Federal Deposit Insurance Corporation. The Company's counter-party risk is minimized by trading only with institutional parties and by clearing trades via the Federal Wire and the Deposit Trust Company ("DTC"), which ensures settlements occur simultaneously for both sides of the trade.

The Company engages in selling of contracts to deliver at a future date or to repurchase at a future date (future contracts). These contracts are used to hedge the risk associated with owning debt securities. At December 31, 2010, there were one hundred seventy-five futures contracts that had not been settled (notional amount of \$17,500,000). One hundred and fifty of these contracts relate to United States 10-Year Treasury Notes deliverable in March 2011. Twenty-five of these contracts relate to Treasury Bonds deliverable March 2011. Net realized and unrealized gains and losses from future contracts are included in the principal transaction revenues in the accompanying statement of income. For the year ended December 31, 2010, net realized and unrealized losses on futures contracts totaled \$1,701,919.

**4) RENTAL OF OFFICE FACILITIES**

The Company occupies office facilities under a sub-lease expiring April 30, 2011, which provides for monthly payments of \$3,991 per month, resulting in payments of approximately \$16,000 for 2011. The company has signed a new lease agreement effective May 1, 2011 through April 30, 2014 calling for payments as follows:

<u>Year Ended December 31</u>	
2011	\$ 34,731
2012	60,780
2013	62,639
2014	<u>21,087</u>
Total commitments	\$ <u>179,237</u>

**TAHOE FIXED INCOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

DECEMBER 31, 2010

**(5) NET CAPITAL**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital of \$100,000. At December 31, 2010, the Company had computed net capital of \$14,217,341, which was in excess of the required net capital by \$14,117,341. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital in excess of 15 to 1. At December 31, 2010, the Company's ratio of aggregate indebtedness to net capital was .0056 to 1.

**(6) SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions occurring after year-end through the date that the financial statements were available for issuance which was February 1, 2011. No transactions or events were found that were material enough to require recognition in the financial statements.

**TAHOE FIXED INCOME, LLC**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**

**DECEMBER 31, 2010**

Total members' equity		\$	17,764,135
Adjustments - non-allowable assets:			
Prepaid expenses and other assets	\$	(5,744)	
Property and equipment, net		<u>(59,189)</u>	
Total adjustments			<u>(64,933)</u>
Net capital before haircuts			17,699,202
Haircuts on security positions - United States			
Agency obligations and obligations of organizations established by the United States			<u>(3,481,861)</u>
Net capital			14,217,341
Minimum net capital required (6-2/3% of total aggregate indebtedness or \$100,000, whichever is greater)			<u>(100,000)</u>
Excess net capital		\$	<u>14,117,341</u>

**COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL**

Total aggregate indebtedness	\$	<u>79,819</u>
Ratio of aggregate indebtedness to net capital		<u>.0056 to 1</u>

The computation of net capital as reported in the unaudited Part IIA filing agrees with the audited net capital above.

**TAHOE FIXED INCOME, LLC**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**PURSUANT TO RULE 15c3-3**

December 31, 2010

Not Applicable - The Company is exempt pursuant to the (k)(2)(ii) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities.

**TAHOE FIXED INCOME, LLC**  
**INFORMATION RELATING TO THE POSSESSION**  
**OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3**

December 31, 2010

Not Applicable - The Company is exempt pursuant to the (k)(2)(ii) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities.



# GOODRICH·BARON·GOODYEAR LLP

*Certified Public Accountants*

## REPORT ON INTERNAL ACCOUNTING CONTROL

The Board of Directors  
Tahoe Fixed Income, LLC  
Reno, February 1, 2011

In planning and performing our audit of the financial statements of Tahoe Fixed Income, LLC (the Company) as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Long Beach, California  
February 1, 2011

**TAHOE FIXED INCOME, LLC**

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**FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2010

(With Independent Auditors' Report Thereon)

# **TAHOE FIXED INCOME, LLC**

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SUPPLEMENTAL REPORT

SECURITIES INVESTOR PROTECTION CORPORATION

GENERAL ASSESSMENT RECONCILIATION

YEAR ENDED DECEMBER 31, 2010

(With Independent Accountants' Report  
On Applying Agreed-Upon Procedures)

# GOODRICH·BARON·GOODYEAR LLP

*Certified Public Accountants*

The Board of Directors  
Tahoe Fixed Income, LLC  
Reno, Nevada

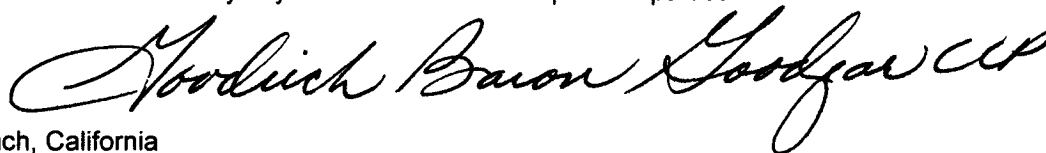
Dear Board Members:

In accordance with Rule 17a-5(e)(4) of the Securities and Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (General Assessment Reconciliation (Form SIPC-7)) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2010, which were agreed to by Tahoe Fixed Income, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Tahoe Fixed Income, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Tahoe Fixed Income, LLC's management is responsible for the Tahoe Fixed Income, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries, noting no differences;
2. Compared amounts, reported on the audited Form X-17A-5 for the year ended December 31, 2010, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2010, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



Long Beach, California  
February 1, 2011

**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

**General Assessment Reconciliation****SIPC-7**

(33-REV 7/10)

For the fiscal year ended \_\_\_\_\_, 20\_\_\_\_  
 (Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address. Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

065603 FINRA DEC  
 TAHOE FIXED INCOME LLC 20\*20  
 6900 S MCCARRAN BLVD STE 2060  
 RENO NV 89509-6118

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

2. A. General Assessment (item 2e from page 2)

\$ 32,588.26

B. Less payment made with SIPC-6 filed (exclude interest)

( 19,157 )

8/5/10  
 Date Paid

C. Less prior overpayment applied

( )

D. Assessment balance due or (overpayment)

13,431.26

E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 13,431.26

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
 Total (must be same as F above)

\$ 13,431.26

H. Overpayment carried forward

\$( )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Tahoe Fixed Income LLC  
 (Name of Corporation Partnership or other organization)

*[Signature]*  
 (Authorized Signature)

Dated the 27 day of Jan, 20 11.

President  
 (Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

# **DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning Jan 1, 2010  
and ending Dec 31, 2010  
Eliminate cents

**Item No.**

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 13,859,009

**2b. Additions:**

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

-

(2) Net loss from principal transactions in securities in trading accounts.

-

(3) Net loss from principal transactions in commodities in trading accounts.

1,701,918

(4) Interest and dividend expense deducted in determining item 2a.

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

Total additions

15,560,927

**2c. Deductions:**

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

1,277,594

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

(8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 1,248,027

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 0

Enter the greater of line (i) or (ii)

Total deductions

1,248,027

2,525,621

2d. SIPC Net Operating Revenues

\$ 13,035,306

2e. General Assessment @ .0025

\$ 32,588,26

(to page 1, line 2.A.)